

January 17, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

RE: Arrearage Management Programs for Low-Income Customers, D.T.E. 05-86

Dear Secretary Cottrell:

On December 1, 2005, the Department of Telecommunications and Energy (the "Department") issued an Order Opening an Investigation into the Standards for Arrearage Management Programs ("Order") pursuant to St. 2005, c. 140, §17 ("Chapter 140"). Chapter 140 required each electric and gas company to file an arrearage management program with the Department by December 30, 2005. The Department must evaluate each company's filing for compliance with the standards established in Chapter 140 and order modifications, if necessary, by February 28, 2006. On January 6, 2006, the Department held a public hearing to accept comments on standards for arrearage management programs. Pursuant to the Department's December 1, 2005 Order, the Attorney General submits this letter as his Comments on the standards for arrearage management programs.

The Attorney General fully supports the establishment of arrearage management programs and has worked with the Low-Income Energy Affordability Network ("LEAN") and several electric and gas companies to develop and expand these programs. When establishing their arrearage management programs, companies are, at a minimum, required to (1) coordinate these plans with the low-income weatherization and fuel assistance agencies and services; (2) work with eligible low-income customers to establish affordable payment plans; and (3) provide credits to those customers toward the accumulated arrears when the customers comply with the program's terms. Chapter 140, §17(a). Some companies submitted programs that exceed these minimum requirements by, for example, providing some form of financial management education or credit counseling information. *See* Arrearage Management Plans for KeySpan Energy Delivery, NSTAR Gas & Electric Company, Massachusetts Electric Company and Nantucket Electric, Company, Unitil and Western Massachusetts Electric Company. Because each company is different, the Department should allow the companies flexibility in their programs while insuring that the programs will benefit customers and meet the minimum statutory requirements.

Chapter 140, §17(a), also requires the Department to conduct an annual review of the arrearage management programs and allows the Department to order revisions or modifications to any company's program. The Department should establish criteria with which to review these programs so that the companies will know what information to monitor and report on in the annual review. Since these initial programs are experimental and vary from company to company, the Department should review them in terms of customer satisfaction, efficiency and cost.

In its Order, the Department states that “[a]s part of its arrearage management program, a company must offer a low-income customer a payment plan of not less than four months, including an initial down payment of 25 percent of the balance, if utility service has not yet been terminated.” Order, p. 1. The statute, however, does not link the requirement in paragraph (b) of a payment plan of not less than four months with an initial 25 percent down payment of the balance with the arrearage management program requirements in paragraph (a). *See* Chapter 140, §17(a) and (b). Paragraph (b) appears to address the Department's regulations in 220 CMR 25.00 regarding payment plans. Paragraph (b) clarifies that a payment plan with a minimum of four months of equal payments, with an initial 25 percent down payment, would be the maximum that a company could request from a low-income customer. Chapter 140, §17(b). Since there is some confusion among the parties as to the required down payment amount for payment plans (*see* Tr. p. 78 and Tr. 89-90), the Department should clearly distinguish arrearage management program provisions addressed in Paragraph (a) from payment plan requirements for low-income customers that are addressed in Paragraph (b) in its order approving the arrearage management programs.

The Attorney General appreciates this opportunity to submit these comments.

Respectfully submitted,

THOMAS F. REILLY
ATTORNEY GENERAL

By:

Colleen McConnell
Assistant Attorney General
Utilities Division
Office of the Attorney General
One Ashburton Place
Boston, MA 02108
(617) 727-2200